

REGISTERED COMPANY NUMBER: 08803625 (England and Wales)

REGISTERED CHARITY NUMBER: 1156762

**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019
FOR
TOWNER**

Xynamo 5 Ltd
Chartered Accountants
Registered Auditor
2 Upperton Gardens
Eastbourne
East Sussex
BN21 2AH



TOWNER

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FOR THE YEAR ENDED 31 MARCH 2019**

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TOWNER

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2019

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2019. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OBJECTIVES AND ACTIVITIES

Objectives and aims

Founded as an art gallery for the people, Towner presents world class exhibitions of national and international significance and works from our acclaimed collection. We work in collaboration with individuals, communities and organisations, especially those with least access to the arts, to ensure that we are relevant to all our audiences. A cultural and social asset for Eastbourne and the South East, Towner brings the most exciting developments in modern and contemporary art to local, national and international audiences, develops and supports artistic practice, and provides a place for experimenting, creating and talking about art and culture.

Towner has been established for public benefit to fulfil the following charitable objectives:

advance the education, enjoyment and appreciation of the public at large of the arts by the establishment and/or maintenance of a museum and/or art gallery; advance the education, enjoyment and appreciation of the public at large of the arts through Towner's art collection; pursue such other charitable purposes analogous to any of the above as the trustees in their absolute discretion shall determine.

Overview of activity

During financial year 2018/19, the gallery welcomed 149,586 visitors, a 24% increase on numbers the year before. We supported 55,000 people of all ages who engaged with or participated in our varied creative learning programme which was rebranded Towner Art School. Over 88% of those reached in Eastbourne face significant socio-economic challenges. More than 15,000 children and young people benefitted from formal learning activities.

Our expertise lies in presenting historical work alongside diverse contemporary practice to inspire conversations about our pasts and future, creating experiences for everyone that challenge, inspire and connect. Throughout this year, we opened 17 new exhibitions, put on 231 film screenings, produced 47 public Learning events and acquired 12 new works into the Towner Collection. Among the 108 artists we worked with, seven emerging or mid-career artists were commissioned to produce new work.

This year has been an evolutionary year for the creative programme, as we have worked more closely to integrate the exhibitions programme with Towner Art School's creative learning programme. As a result of this new approach, Towner Art School's learning programme has attracted the highest figures in Towner's history, with over one third of our visitors engaging with the programme.

In the top floor galleries, we have made significant structural changes in order to allow more flexibility within the exhibition programme. A series of dual shows have offered visitors an interesting conversation between two artists or projects. Highlights include the group exhibitions *At Altitude*, *The Everyday and Extraordinary* and *The Weather Garden: Anne Hardy curates the Arts Council Collection*, as well as solo presentations by Edward Stott, Omer Fast, Simon Ling, Hannah Perry and Carey Young. The new layouts allow for more emerging artists to be showcased in the heart of the main exhibition programme. We have also enjoyed positive responses to our new permanent Ravilious Gallery and Collection Library, alongside our new programme of collection displays selected and curated by invited guests. This programme has started with *Figure Study II* curated by our new Director Joe Hill.

TOWNER

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2019

OBJECTIVES AND ACTIVITIES (cont)

The Ground Floor spaces have been re-designated as *Studios* and this is where the interspace between the traditional Learning activities and the Collection and Exhibition Programme have started to take place. In this year, we have piloted projects such as *Welcome*, an active maker space with postgraduate architecture students from University of Brighton. 2,300 children and young people from over fifty schools took part in this year's Sussex Children and Young Peoples' Exhibition, *Draw Me In*, responding to a dozen artworks by women artists in the Towner Collection.

In January 2019, Towner was invited to be the Official Museum Partner for the London Art Fair. As part of the fair, Towner presented a curated display titled *The Living Collection*, of work from the Towner Collection, along with a series talks and tours. Over the five days of the fair, more than 48,000 visitors saw this display.

This year saw the final year of the gallery's partnership with Arts Council Collection. The three-year programme of exhibitions and projects drawing from this national collection helped drive new audiences into the gallery and allowed us to promote and test new engagement and marketing activities.

We have continued to build Towner's reach and reputation regionally, nationally and internationally through increased press and media presence. This year the AVE (Advertising Value Equivalent) of our print press coverage during this period was £765,000 which included features in the Guardian, Observer, Art Newspaper, Sunday Times and Art Monthly plus regionally in the Argus, Viva and Sussex Life. We have 28.5k followers on social media, an increase of 22.5% over 2017-18 and an Instagram increase of 115.8% over 2018/19.

Over the period, we have developed our revenue generating activities including launching a commercial cinema programme and from March 2019 bringing the café and catering activities inhouse. Profit from commercial activities was £64,367 in this financial year, showing a good development despite the absence of a large-scale ticketed exhibition in the programme. This year has also shown a continued commitment from our supporters who number over 700, with members and donors contributing £230,000 in philanthropic income.

As part of Towner's commercial development, we conducted an architectural feasibility study to determine a phased capital investment plan that will prioritise income generation, improved audience experience and offer new state-of-the-art learning facilities. A fundraising plan is now in place to raise funds for phase one of the programme. Business projections for this project, anticipate a profit increase of 107% in commercial income following the completion of the works in mid-2021 in readiness for our centenary celebration.

Funding and financial sustainability

In April 2018, Towner's grant from Eastbourne Borough Council was reduced by a third to £414k per year. Positive discussions are ongoing about our future funding arrangements. Since his appointment as Director in March 2018, Joe Hill has spent considerable time strengthening the gallery's relationship with the local authority and developing a leadership role in the town and the region, guiding strategic direction in the areas of creative and digital sector development, community building and placemaking. As a result, Towner's has strengthened its position as an essential cultural and social hub, building relevance through its programme and activities in the lives of people in Eastbourne and the surrounding area.

Responding to changes in our funding mix, the Senior Management Team and the Board began taking steps towards transforming Towner from a subsidised arts organisation to a sustainable charitable business. A review of our organisational structure, Towner's mission and key priorities was begun in Spring 2019 and will be completed at the end of 2019. An ambitious new strategy cementing the gallery as one of the most important cultural institutions in the UK will also be completed by autumn 2019. At the heart of the strategy is a robust business plan to increase income from venue hire, event

TOWNER

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2019

OBJECTIVES AND ACTIVITIES (cont)

production and fundraising to secure our financial sustainability. We are expanding staffing to support these ambitions and to help deliver the capital redevelopment funding campaign. This crucial work will set Towner on the next phase of its development as it approaches its centenary in 2023. We are looking forward to celebrating this landmark anniversary with an inclusive celebration of art and culture for all our communities in and around Eastbourne.

The Board of Trustees is confident that the Towner team under the leadership of Joe Hill, has the capability to deliver a world-class exhibition and creative learning programme that supports artistic development of people of all ages and backgrounds and an innovative approach to income growth.

Reserves policy

The Trustees have set a Reserves Policy, which is a product of strategic planning, budgeting and risk management. The policy requires that the company's core activity, funded through the unrestricted reserve, could continue for six months during a period of unforeseen difficulty, which is in line with the Charities Commission recommendations. The unrestricted reserve totals £646,538 which exceeds the original organisational ambition to date

Maintaining a six month operating reserve will support the organisation in trading through potential adversity and to take account of future commitments and lack of financial investment from key public funders. The level of reserves will be monitored and reviewed by the Trustees on an annual basis.

Financial Review

The Balance Sheet shows heritage assets comprising of purchased and donated artworks that have been capitalised at the appropriate cost of purchase or assessed market value if donated. The Acquisitions and Disposals Policy does not allow for any artworks to be sold or donated.

Principal risks and uncertainties

Going Concern

The principle financial risks facing the charity and its trading subsidiary are considered as part of the overall approach to risk management, but include variation to visitor forecasts, changes to income from Eastbourne Borough Council and Arts Council England, unplanned expenditure and a challenging economic environment. The Trustees have reviewed the cash position of the charity and are satisfied that the charity will be able to meet all of its financial commitments.

The Trustees believe that the charity is well placed to manage its financial risks successfully and have a reasonable expectation that there are sufficient reserves for the operation to continue.

Accordingly the Trustees continue to adopt the going concern basis in preparing the financial statements.

TOWNER

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Recruitment and appointment of new trustees

The management of Towner is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association. The maximum number of Trustees is eleven, with two appointed by Eastbourne Borough Council. Trustees are required to retire by rotation whereby one third of the Trustees shall be required to retire each year but shall be eligible for reappointment. Trustees may be re-appointed by the Board at the end of each term of office.

Organisational structure

There are currently eleven Trustees who have delegated powers to the Executive Director and Senior Management Team to make expenditure decisions within the framework of the approved annual budget.

A Finance and Resources Sub-Committee has been established, consisting of four Trustees. This committee monitors income and expenditure and performance against the approved budget and reports back to the Board. They also approve and monitor Health and Safety policies and the Risk Register.

The day to day activities are controlled by Joe Hill, Executive Director, and the Senior Management Team who lead departments and report to the Executive Director.

Induction and training of new trustees

Trustees are recruited according to the Trustees' and Executive Director's ongoing assessment of the skills and experiences needed for the Board of an art gallery and museum. These include expertise in national and international arts and culture, fundraising, finance, HR and legal. Prospective new Trustees are recommended to the Chair and Executive Director, who assess the candidates and decide whether to proceed with the appointment.

The newly appointed Trustees received an induction from Towner's solicitor, advising them on their legal responsibilities. They were given thorough briefings by the Executive Director, Senior Management team and the Chairman.

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REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2019

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

08803625 (England and Wales)

Registered Charity number

1156762

Registered office

Towner Devonshire Park

College Road

Eastbourne

East Sussex

BN21 4JJ

Trustees

Ms H Bauer

Heritage Museums & Funding Adviser

Ms D V Casson

Designer

D Dimbleby

Broadcaster

G F H King

Publisher

Ms K Cadell

Presentation Media Consultant

C F Mckenzie

Freelance Arts Consultant

M R Moorton

Human Resources Director

H M Wyndham

Chairman Sothebys

(resigned 1 February 2019)

T J W Ashdown

Solicitor

C R Swansborough

Accountant

Dr F M Dennis

Senior Lecturer

J Hill

Gallery Director

TOWNER

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2019

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

Xynamo 5 Ltd

Chartered Accountants

Registered Auditor

2 Upperton Gardens

Eastbourne

East Sussex

BN21 2AH

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Towner for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

TOWNER

REPORT OF THE TRUSTEES

FOR THE YEAR ENDED 31 MARCH 2019

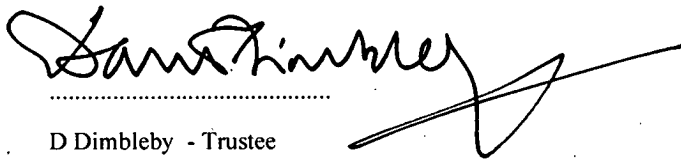
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Xynamo 5 Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors,
on 14th Dec 2019 and signed on the board's behalf by:


.....
D Dimbleby - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TOWNER
FOR THE YEAR ENDED 31 MARCH 2019**

Opinion

We have audited the financial statements of Towner (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
TOWNER (Cont)
FOR THE YEAR ENDED 31 MARCH 2019**

material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

TOWNER (Cont)

FOR THE YEAR ENDED 31 MARCH 2019

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Hill FCA (Senior Statutory Auditor)

for and on behalf of Xynamo 5 Ltd

Chartered Accountants

Registered Auditor

2 Upperton Gardens

Eastbourne

East Sussex

BN21 2AH

Andrew Hill
Xynamo 5 Ltd

Date: 16/12/2019

TOWNER

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2019**

				2019	2018
		Unrestricted funds	Restricted fund	Total funds	Total funds
	Notes	£	£	£	£
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	330,692	313,601	644,293	616,359
Charitable activities	4				
Secured funding EBC		413,879	-	413,879	613,881
Secured funding Arts Council		359,350	-	359,350	359,350
R & M funding		-	2,055	2,055	-
Education and learning funding		-	-	-	5,219
Film funding		-	-	-	65,832
Grants and funding		11,047	39,494	50,541	39,648
Charitable activities		-	-	-	469
ACCNPF Funding		-	140,000	140,000	200,000
Cinema		-	-	-	550,000
PATHWAYS		-	8,760	8,760	21,853
Other trading activities	3	50,731	-	50,731	267,451
Total		1,165,699	503,910	1,669,609	2,740,062

TOWNER

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (Cont)
FOR THE YEAR ENDED 31 MARCH 2019

EXPENDITURE ON

Charitable activities

5

Restricted Funding ACCNPF	(2,800)	259,139	256,339	219,134
Education and learning funding	2,404	(2,404)	-	-
Education project costs	261,750	(83)	261,667	230,176
Exhibition and events costs	128,139	7,533	135,672	330,378
Travel and subsistence	11,904	-	11,904	8,021
Charitable activities	468,059	-	468,059	495,723
Support costs	268,248	1,285	269,533	302,163
ACE Catalyst Grant	-	6,616	6,616	11,861
Cinema	-	10,245	10,245	-
Other	22,052	-	22,052	(4,651)

Total	1,159,756	282,331	1,442,087	1,592,805
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NET INCOME	5,943	221,579	227,522	1,147,257
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Transfers between funds

16

	10,076	(10,076)	-	-
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Net movement in funds

Total funds brought forward

TOTAL FUNDS CARRIED FORWARD

	16,019	211,503	227,522	1,147,257
	1,000,696	1,014,547	2,015,243	867,986
	1,016,715	1,226,050	2,242,765	2,015,245

TOWNER

CONSOLIDATED BALANCE SHEET

AT 31 MARCH 2019

				2019	2018
		Unrestricted funds	Restricted fund	Total funds	Total funds
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	11	-	546,531	546,531	557,812
Heritage assets	12	370,097	679,599	1,049,696	783,031
		<u>370,097</u>	<u>1,226,130</u>	<u>1,596,227</u>	<u>1,340,843</u>
CURRENT ASSETS					
Debtors	13	6,773	-	6,773	4,877
Stock		32,352		32,352	31,406
Cash at bank and in hand		<u>789,225</u>	<u>-</u>	<u>789,225</u>	<u>1,003,687</u>
		1,168,012	-	1,168,012	1,039,970
CREDITORS					
Amounts falling due within one year	14	<u>(521,393)</u>	<u>(80)</u>	<u>(521,473)</u>	<u>(332,569)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>646,619</u>	<u>(80)</u>	<u>646,539</u>	<u>707,429</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,016,716	1,226,050	2,242,766	2,048,245
PENSION LIABILITY	17	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,000)</u>
NET ASSETS		<u>1,016,716</u>	<u>1,226,050</u>	<u>2,242,766</u>	<u>2,015,245</u>

CONSOLIDATED BALANCE SHEET (Cont)

£

£

16

Unrestricted funds

1,016,716

1,000,698

Restricted funds

1,226,050

1,014,547

TOTAL FUNDS

2,242,765

2,015,245

The financial statements were approved by the Board of Trustees on 14 Dec 2015 and were signed on its behalf by:

D Dimbleby -Trustee

TOWNER

BALANCE SHEET

AT 31 MARCH 2019

			2019	2018
		Unrestricted funds	Total funds	Total funds
	Notes	£	£	£
FIXED ASSETS				
Tangible assets	11	-	546,531	557,812
Heritage assets	12	370,097	1,049,696	783,031
		<u>370,097</u>	<u>1,596,227</u>	<u>1,340,843</u>
CURRENT ASSETS				
Debtors	13	341,303	341,303	492,494
Cash at bank and in hand		<u>472,009</u>	<u>472,009</u>	<u>546,293</u>
		813,312	813,312	1,038,787
CREDITORS				
Amounts falling due within one year	14	<u>(166,694)</u>	<u>(166,774)</u>	<u>(331,387)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>646,618</u>	<u>646,538</u>	<u>707,400</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,016,715	2,242,765	2,048,243
PENSION LIABILITY	17	-	-	(33,000)
NET ASSETS		<u>1,016,715</u>	<u>2,242,765</u>	<u>2,015,243</u>

TOWNER

BALANCE SHEET (Cont)

AT 31 MARCH 2019

£	£	
FUNDS		16
Unrestricted funds	1,016,715	1,000,696
Restricted funds	<u>1,226,050</u>	<u>1,014,547</u>
TOTAL FUNDS	<u><u>2,242,765</u></u>	<u><u>2,015,243</u></u>

TOWNER

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2019

		2019	2018
	Notes	£	£
Cash flows from operating activities:			
Cash generated from operations	1	260,400	1,091,383
		<u>260,400</u>	<u>1,091,383</u>
Net cash provided by (used in) operating activities		<u>260,400</u>	<u>1,091,383</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		-	(563,516)
Purchase of heritage assets		(266,665)	(396,730)
		<u>(266,665)</u>	<u>(960,246)</u>
Net cash provided by (used in) investing activities		<u>(266,665)</u>	<u>(960,246)</u>
Change in cash and cash equivalents in the reporting period		(6,265)	131,137
Cash and cash equivalents at the beginning of the reporting period		<u>546,293</u>	<u>445,876</u>
Cash and cash equivalents at the end of the reporting period		<u><u>540,028</u></u>	<u><u>577,013</u></u>

TOWNER

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2019**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	£	£
Net income for the reporting period (as per the statement of financial activities)	227,522	1,147,257
Adjustments for:		
Depreciation charges	11,280	7,178
Decrease in debtors	860	46,704
Increase/(decrease) in creditors	20,738	(109,757)
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	<u>260,400</u>	<u>1,091,382</u>

TOWNER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs relating to statutory audit fees, together with any legal advice relating to governance, and an apportionment of overheads as deemed appropriate per note 8 to the accounts.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and Fittings - 10% straight line

TOWNER

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES - continued

Heritage assets: works of art - "the collection"

The Trustees consider the works of art to be heritage assets as defined by the SORP and FRS 30. Works of Art consist of paintings, sculptures and prints acquired by purchase and or accepted to be accessioned into the Collection through donation and bequest.

Additions to the Collection acquired by purchase are recognised in the balance sheet at cost on an annual basis. All works accessioned into the Collection through donation or bequest are reported in the Balance Sheet at commercial value using recent transaction information from external sources as the basis of assessment.

In accordance with FRS 30 "Market Value" has been defined by the Trustees for this purpose as being the lower of the comparable assessed costs to acquire at auction, compared to that at an appropriate retail gallery. The artworks are deemed to have indeterminate lives and a high residual value, hence the Trustees do not consider it appropriate to charge depreciation.

Going forward, all items purchased for the Collection will continue initially to be recorded in the Balance Sheet at cost and the Trustees will, if considered appropriate, have them re-valued at any point in the future. Collection items acquired by donation or bequest will be recorded at current market value.

Stock

The stock comprises retail and café supplies valued at the lower of cost and net realisable value. This is held within Towner Enterprises Ltd and not by the Charity.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

TOWNER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The charity operates a pension scheme providing defined benefits based on final pensionable pay. The assets of the scheme are held separately from those of the charity, being part of the East Sussex County Council Scheme. The most recent actuarial valuation carried out was in March 2019. The Admission Agreement entered into between East Sussex County Council and Eastbourne Borough Council and Towner dated 1 July 2014 are on the basis of a fully funded scheme. Eastbourne Borough Council also acts as a guarantor in relation to the scheme.

2. DONATIONS AND LEGACIES

	2019	2018
	£	£
Gifts	37,988	161,646
Donations	581,778	430,097
Gift aid	-	4,722
Subscriptions	24,527	19,846
	<u>644,293</u>	<u>616,361</u>

3. OTHER TRADING ACTIVITIES

	2019	2018
	£	£
Events & exhibitions	42,025	258,209
Other income	8,706	9,242
	<u>50,731</u>	<u>267,451</u>

TOWNER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED FOR THE YEAR ENDED 31 MARCH 2019

Towner Enterprises Limited

The charity controls this company, which is incorporated in England by virtue of holding 100% of the equity share capital. The company undertakes the ancillary trading activities at Towner with the aim of gifting its taxable profits to the charity.

	2019	2018
	£	£
Turnover	258,335	316,885
Total expenditure	<u>192,720</u>	<u>153,452</u>
Net profit for the year	65,615	163,433
Amount gift aided to the charity	<u>(65,615)</u>	<u>(163,433)</u>

Retained profit

The assets and liabilities of Towner Enterprises Limited were:

Assets	354,700	491,175
Liabilities	<u>(354,699)</u>	<u>(491,174)</u>
Funds	<u>1</u>	<u>1</u>

TOWNER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

4. INCOME FROM CHARITABLE ACTIVITIES

		2019	2018
	Activity	£	£
Grants	Secured funding EBC	413,879	613,881
Grants	Secured funding Arts Council	359,350	359,350
Grants	R & M funding	2,055	-
Grants	Education and learning funding	-	5,219
Grants	Film funding	-	65,832
Grants	Grants and funding	50,541	39,648
Events and exhibitions	Charitable activities	-	469
Grants	ACCNPF Funding	140,000	200,000
Grants	Cinema	-	550,000
Grants	PATHWAYS	8,760	21,853
		<u>974,585</u>	<u>1,856,252</u>

5. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs	Total
		(See note 6)	
	£	£	£
Restricted Funding ACCNPF	256,339	-	256,339
Education project costs	261,667	-	261,667
Exhibition and events costs	135,157	515	135,672
Travel and subsistence	11,904	-	11,904
Charitable activities	468,059	-	468,059
Support costs	250,332	19,201	269,533
ACC Catalyst Grant	6,616	-	6,616
Cinema	10,245	-	10,245
	<u>1,400,319</u>	<u>19,716</u>	<u>1,420,035</u>

TOWNER**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2019****6. SUPPORT COSTS**

	Finance	Other	Governance costs	Totals
	£	£	£	£
Exhibition and events costs	-	-	515	515
Support costs	1,289	11,280	6,632	19,201
	<u>1,289</u>	<u>11,280</u>	<u>7,147</u>	<u>19,716</u>

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2019	2018
	£	£
Auditors' remuneration	6,450	6,250
Depreciation - owned assets	11,281	7,178
Other operating leases	979	1,160

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2019 nor for the year ended 31 March 2018.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2019 nor for the year ended 31 March 2018.

TOWNER**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2019****9. STAFF COSTS**

	2019	2018
	£	£
Wages and salaries	420,501	420,669
Social security costs	46,186	42,953
Other pension costs	22,829	48,467
	<u>489,516</u>	<u>512,089</u>

The average monthly number of employees during the year was as follows:

	2019	2018
Full time staff	10	10
Part time staff	30	30
	<u>40</u>	<u>40</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2019	2018
£60,001 - £70,000	<u>0</u>	<u>0</u>

TOWNER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds	Restricted fund	Total funds
	£	£	£
INCOME AND ENDOWMENTS FROM			
Donations and legacies	531,361	84,998	616,359
Charitable activities			
Secured funding EBC	613,881	-	613,881
Secured funding Arts Council	359,350	-	359,350
Education and learning funding	5,219	-	5,219
Film funding	-	65,832	65,832
Grants and funding	23,600	16,048	39,648
Charitable activities	469	-	469
ACCNPF Funding	-	200,000	200,000
Cinema	-	550,000	550,000
PATHWAYS	-	21,853	21,853
Other trading activities	252,451	15,000	267,451
Total	1,786,331	953,731	2,740,062

TOWNER

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 MARCH 2019**

10. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES (Cont)

	Unrestricted funds	Restricted fund	Total funds
		£	£
EXPENDITURE ON			
Charitable activities			
Restricted Funding ACCNPF	174,040	45,094	219,134
Education project costs	230,176	-	230,176
Exhibition and events costs	171,351	159,027	330,378
Travel and subsistence	8,021	-	8,021
Charitable activities	495,723	-	495,723
Support costs	294,465	7,698	302,163
ACC Catalyst Grant	11,861	-	11,861
Other	(4,651)	-	(4,651)
Total	1,380,986	211,819	1,592,805
NET INCOME	405,345	741,912	1,147,257
RECONCILIATION OF FUNDS			
Total funds brought forward	595,353	272,633	867,986
TOTAL FUNDS CARRIED FORWARD	1,000,698	1,014,545	2,015,243

TOWNER**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED****FOR THE YEAR ENDED 31 MARCH 2019****11. TANGIBLE FIXED ASSETS**

	Improvements to property	Fixtures and fittings	Totals
	£	£	£
COST			
At 1 April 2018 and 31 March 2019	441,933	123,057	564,990
	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION			
At 1 April 2018	-	7,178	7,178
Charge for year	-	11,281	11,281
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2019	-	18,459	18,459
	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE			
At 31 March 2019	441,933	104,598	546,531
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2018	441,933	115,879	557,812
	<u> </u>	<u> </u>	<u> </u>

12. HERITAGE ASSETS

	Total £
MARKET VALUE AND NET BOOK VALUE	
At 1 April 2018	783,031
Additions	266,665
	<u> </u>
At 31 March 2019	1,049,696
	<u> </u>

TOWNER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade debtors	<u>6,773</u>	<u>4,877</u>
	<u>6,773</u>	<u>4,877</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Other loans (see note 15)	-	50
Trade creditors	60,980	27,360
VAT	1,831	857
Other creditors	-	15,414
Accruals and deferred income	<u>119,000</u>	<u>288,888</u>
	<u>181,811</u>	<u>331,387</u>

15. LOANS

An analysis of the maturity of loans is given below:

	2019	2018
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>-</u>	<u>50</u>

TOWNER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

16. MOVEMENT IN FUNDS

	At 1/4/18	Net movement in funds	Transfers between funds	At 31/3/19
	£	£	£	£
Unrestricted funds				
General fund	1,003,476	3,163	10,076	1,016,715
Designated fund	(2,780)	2,780	-	-
	<u>1,000,696</u>	<u>5,943</u>	<u>10,076</u>	<u>1,016,715</u>
Restricted funds				
Restricted fund	1,014,547	221,579	(10,076)	1,226,050
	<u>1,014,547</u>	<u>221,579</u>	<u>(10,076)</u>	<u>1,226,050</u>
TOTAL FUNDS	<u>2,015,243</u>	<u>227,522</u>	<u>-</u>	<u>2,242,765</u>

Net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	1,162,919	(1,159,756)	3,163
Designated fund	2,780	-	2,780
	<u>1,165,699</u>	<u>(1,159,756)</u>	<u>5,943</u>
Restricted funds			
Restricted fund	503,910	(282,331)	221,579
	<u>503,910</u>	<u>(282,331)</u>	<u>221,579</u>
TOTAL FUNDS	<u>1,669,609</u>	<u>(1,442,087)</u>	<u>227,522</u>

TOWNER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

16. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1/4/17	Net movement in funds	At 31/3/18
	£	£	£
Unrestricted Funds			
General fund	595,353	405,343	1,000,696
Restricted Funds			
Restricted fund	272,633	741,914	1,014,547
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	867,986	1,147,257	2,015,243
	<hr/>	<hr/>	<hr/>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources	Resources expended	Movement in funds
	£	£	£
Unrestricted funds			
General fund	1,786,330	(1,380,987)	405,343
Restricted funds			
Restricted fund	953,732	(211,818)	741,914
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	2,740,062	(1,592,805)	1,147,257
	<hr/>	<hr/>	<hr/>

TOWNER

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

17. EMPLOYEE BENEFIT OBLIGATIONS

The charity operates a pension scheme providing defined benefits based on final pensionable pay. The assets of the scheme are held separately from those of the charity, being part of the East Sussex County Council Scheme.

Pension contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method of valuation. A full actuarial valuation was carried out at 31 March 2015, taking into account the transfer of employees from the previous employer upon commencement of the Trust, as any undervalue is guaranteed by the previous employer at that point.

The pension fund values for the employees transferred from the Borough Council were assessed by the Pension Trustees at the date of transfer and assigned to those employees under Towner as a new employer.

In accordance with FRS17 a full valuation was undertaken as at 31 March 2019 at the same point that a formal valuation is undertaken by the Pension Trustees in order that any over or under provision may be accounted for at that time if deemed necessary.

18. RELATED PARTY DISCLOSURES

Towner employed the services of King & McGaw Ltd, the value of the work carried out totalled £1,694 (2018 £11,535). King and McGaw Ltd is a company owned by Mr G King, the financial trustee of Towner.

19. MEMBERS' LIABILITY

The charity is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

TOWNER

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2019**

			2019	2018
	Unrestricted	Restricted	Total	Total
	funds	funds	funds	funds
	£	£	£	£
INCOME AND ENDOWMENTS				
Donations and legacies				
Gifts	33,588	4,400	37,988	161,696
Donations	272,577	309,201	581,778	430,097
Gift aid	-	-	-	4,722
Subscriptions	24,527	-	24,527	19,846
	<hr/>	<hr/>	<hr/>	<hr/>
	330,692	313,601	644,293	616,363
Other trading activities				
Events & exhibitions	42,025	-	42,025	258,209
Other income	8,706	-	8,706	9,242
	<hr/>	<hr/>	<hr/>	<hr/>
	50,731	-	50,731	267,451
Charitable activities				
Grants	784,276	190,309	974,585	1,855,783
Events and exhibitions	-	-	-	469
	<hr/>	<hr/>	<hr/>	<hr/>
	784,276	190,309	974,585	1,856,252
Total incoming resources				
	<hr/>	<hr/>	<hr/>	<hr/>
	1,165,699	503,910	1,669,609	2,740,062

TOWNER

DETAILED STATEMENT OF FINANCIAL ACTIVITIES (Cont)

FOR THE YEAR ENDED 31 MARCH 2019

EXPENDITURE

	Unrestricted	Restricted	2019	2018
	funds	funds	Total	Total
	£	£	£	£
Charitable activities				
Wages	380,984	-	380,984	420,669
Social security	46,186	-	46,186	42,953
Pensions	22,829	-	22,829	21,467
Rates and water	54,207	-	54,207	49,580
Insurance	20,035	-	20,035	18,115
Light and heat	81,607	-	81,607	75,907
Telephone	4,756	-	4,756	6,153
Postage and stationery	7,786	-	7,786	9,155
Advertising	18,823	-	18,823	22,432
Education project expenditure	156,844	-	156,844	(47,636)
Exhibition and event costs	213,766	271,042	484,808	772,972
Film funding expenditure	-	9	9	19,220
Travel and subsistence	11,904	-	11,904	11,165
Staff recruitment and training	3,733	-	3,733	22,268
Repairs and renewals	96,020	-	96,020	85,772
Computer expenses	4,274	-	4,274	5,695
Carried forward	1,123,754	271,051	1,394,805	1,535,887

TOWNER**DETAILED STATEMENT OF FINANCIAL ACTIVITIES (Cont)****FOR THE YEAR ENDED 31 MARCH 2019**

			2019	2018
	Unrestricted	Restricted	Total	Total
	funds	funds	funds	funds
	£	£	£	£
Charitable activities				
Brought forward	1,123,754	271,051	1,394,805	1,535,887
Licenses and subscriptions	5,514	-	5,514	6,394
	<hr/>	<hr/>	<hr/>	<hr/>
	1,129,268	271,051	1,400,319	1,542,281
Irrecoverable VAT	22,052	-	22,052	(4,651)
Support costs				
Finance				
Bank charges	1,289	-	1,289	1,300
Other				
Depreciation of tangible fixed assets	-	11,280	11,280	7,178
Pensions	-	-	-	27,000
Governance costs				
Auditors' remuneration	6,450	-	6,450	2,250
Other operating leases	979	-	979	1,160
Sundries	515	-	515	888
Accountancy and legal fees	(797)	-	(797)	15,399
	<hr/>	<hr/>	<hr/>	<hr/>
	7,147	-	7,147	19,697
	<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended	<hr/> 1,159,756	<hr/> 282,331	<hr/> 1,442,087	<hr/> 1,592,805
Net income	<hr/> 5,943	<hr/> 221,579	<hr/> 227,522	<hr/> 1,147,257